American College of Physicians Services, Inc.
Leading Internal Medicine, Improving Lives

***Prepare Now for a Nearly 21% Cut in Medicare Physician Payments Beginning April 1, 2015: Congress is making progress, but still not at the finish line***

March 27, 2015

In a robust bipartisan vote on March 26, 2015, the House of Representatives approved the *Medicare Access and CHIP Reauthorization Act of 2015* (H.R. 2). This legislation permanently repeals the failed sustainable growth rate (SGR) formula, provides stable and positive updates to physicians, provides a realistic transition period to a new merit-based incentive program that would harmonize and improve the existing reporting programs, creates a pathway for physicians to earn higher bonus payments for joining an alternative payment model (APM), and creates strong incentives for physicians who practice in Patient-Centered Medical Homes, both under the new merit-based Incentive program and under the APM pathway. Additionally, this legislation ensures access to health care coverage for millions of children by extending the Children's Health Insurance Program (CHIP), and provides essential funding for Community Health Centers and other programs aimed at providing care to low-income and vulnerable populations. The timing of consideration in the Senate is likely to occur immediately following the upcoming Congressional recess, which will be completed on April 12, 2015.

<u>Therefore, as of April 1, 2015, the cut of 21% to Medicare physician fee schedule payments will go into effect.</u> CMS, as it always does, will delay paying claims for 14 calendar days, meaning that practically speaking, the cut would start affecting members' Medicare payments on April 15, for claims with an April 1 date of service. Each day, from April 15 on, when the House and Senate have not agreed on the SGR repeal bill is another day that the 21% cut would be in effect.

ACP, and nearly the entire medical community, continue to actively urge the Senate to follow the House's leadership and pass this legislation or for both houses of Congress to quickly agree on and pass an amended version. Further information regarding this legislation, and activities engaged in by the College towards supporting its passage, is available at http://www.acponline.org/advocacy/advocacy_in_action/state_of_the_nations_healthcare/assets/2015/SGR.pdf

The College believes the time is now to make specific plans regarding how your practice will respond if Congress is unable to stop or delay this payment cut before it starts actually affecting physician payments (and potentially their patients) on April 15, 2015. This is a possibility that should be taken seriously. The following is a list of potential actions to consider:

25 Massachusetts Avenue, NW, Suite 700, Washington, DC 20001-7401 | 202-261-4500, 800-338-2746 | www.acponline.org
190 N Independence Mall West, Philadelphia, PA 19106-1572 | 215-351-2400, 800-523-1546 | www.acponline.org

- Discuss with your financial and practice managers about how to cope with the potential of an approximate 21% cut in Medicare payments.

- Consider a delay in collecting or billing the patient's 20% co-insurance for services rendered from April 1 to 14 until after April 15—either at their next visit or via mail. Under the provisions of current law regarding the SGR, the reduced rate will not only impact the payment amount to physicians, but will also decrease the co-insurance amount patients owe. Collecting the appropriate co-insurance amount could become complicated due to having to bill or reimburse patients for these additional or reduced amounts of coinsurance, especially when they are small.

- Consider obtaining a line of credit to cover a temporary decrease in revenue.

- Consider potential temporary changes in staffing or hours open in case of a long-term decrease in Medicare revenue until Congress can complete new legislation.

- Consider delaying non-urgent, routine appointments of Medicare patients until the issue is resolved.

Medicare Physician Fee Schedule claims for services rendered on or before March 31, 2015, will be unaffected by any payment cut and will be processed and paid under normal procedures and time frames. CMS has previously reminded all physicians and other healthcare professionals that under current law clean electronic claims are not paid sooner than 14 calendar days after the date of receipt. Thus, if this pay cut is averted by April 14, submitted claims from April 1 forward will not reflect the scheduled 21% cut.

The College will continue to keep members informed of any changes regarding this important issue.